

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO

as representative of

THE COMMONWEALTH OF PUERTO RICO, ET
AL.,

Debtors.¹

PROMESA
Title III

Case No. 17-BK-03283 (LTS)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO

as representative of

THE EMPLOYEES RETIREMENT SYSTEM OF
THE GOVERNMENT OF THE COMMONWEALTH
OF PUERTO RICO,

Debtor.

PROMESA
Title III

Case No. 17-BK-03566 (LTS)

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE EMPLOYEES RETIREMENT SYSTEM OF
THE GOVERNMENT OF THE COMMONWEALTH
OF PUERTO RICO,

- and -

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO

as representative of

THE COMMONWEALTH OF PUERTO RICO,

Movants,

v.

ANDALUSIAN GLOBAL DESIGNATED ACTIVITY
COMPANY, CROWN MANAGED ACCOUNTS FOR
AND ON BEHALF OF CROWN/PW SP, GLENDON
OPPORTUNITIES FUND, L.P., LMA SPC FOR AND
ON BEHALF OF MAP 98 SEGREGATED
PORTFOLIO, MASON CAPITAL MASTER FUND
L.P., OAKTREE-FORREST MULTI-STRATEGY,
LLC (SERIES B), OAKTREE OPPORTUNITIES
FUND IX, L.P., OAKTREE OPPORTUNITIES FUND
IX (PARALLEL), L.P., OAKTREE OPPORTUNITIES
FUND IX (PARALLEL 2), L.P., OAKTREE
HUNTINGTON INVESTMENT FUND II, L.P.,
OAKTREE OPPORTUNITIES FUND X, L.P.,
OAKTREE OPPORTUNITIES FUND X
(PARALLEL), L.P., OAKTREE OPPORTUNITIES
FUND X (PARALLEL 2), L.P., OAKTREE VALUE
OPPORTUNITIES FUND HOLDINGS, L.P.,
OCEANA MASTER FUND LTD., OCHER ROSE,
L.L.C., PENTWATER MERGER ARBITRAGE
MASTER FUND LTD., PWCM MASTER FUND
LTD., REDWOOD MASTER FUND, LTD., AND SV
CREDIT, L.P.,

PROMESA
Title III

Case No. 17-bk-3566 (LTS)

Re: ECF No. 891

Case No. 17-bk-3283 (LTS)

Re: ECF No. 13054

- and -

PUERTO RICO AAA PORTFOLIO BOND FUND, INC., PUERTO RICO AAA PORTFOLIO BOND FUND II, INC., PUERTO RICO AAA PORTFOLIO TARGET MATURITY FUND, INC., PUERTO RICO FIXED INCOME FUND, INC., PUERTO RICO FIXED INCOME FUND II, INC., PUERTO RICO FIXED INCOME FUND III, INC., PUERTO RICO FIXED INCOME FUND IV, INC., PUERTO RICO FIXED INCOME FUND V, INC., PUERTO RICO GNMA & U.S. GOVERNMENT TARGET MATURITY FUND, INC., PUERTO RICO INVESTORS BOND FUND I, PUERTO RICO INVESTORS TAX-FREE FUND, INC., PUERTO RICO INVESTORS TAX-FREE FUND, INC. II, PUERTO RICO INVESTORS TAX-FREE FUND III, INC., PUERTO RICO INVESTORS TAX-FREE FUND IV, INC., PUERTO RICO INVESTORS TAX-FREE FUND V, INC., PUERTO RICO INVESTORS TAX-FREE FUND VI, INC., PUERTO RICO MORTGAGE-BACKED & U.S. GOVERNMENT SECURITIES FUND, INC., TAX-FREE PUERTO RICO FUND, INC., TAX- FREE PUERTO RICO FUND II, INC., AND TAX-FREE PUERTO RICO TARGET MATURITY FUND, INC.,

- and -

THE BANK OF NEW YORK MELLON, AS FISCAL AGENT,

Respondents.

THE SPECIAL CLAIMS COMMITTEE OF THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, ACTING BY AND THROUGH ITS MEMBERS,

and

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF ALL TITLE III DEBTORS (OTHER THAN COFINA),

Adv. Proc. No. 19-00359 (LTS)

as co-trustees of
THE EMPLOYEES RETIREMENT SYSTEM OF
THE GOVERNMENT OF PUERTO RICO,

Plaintiff,

v.

DEFENDANT 1H-78H,

Defendants.

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF THE COMMONWEALTH OF
PUERTO RICO,

and

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF ALL TITLE III DEBTORS (OTHER
THAN COFINA),

as section 926 trustee of

THE COMMONWEALTH OF PUERTO RICO

Plaintiffs,²

v.

GLENDON OPPORTUNITIES FUND, L.P.;
OAKTREE-FORREST MULTI-STRATEGY, LLC
(SERIES B); OAKTREE OPPORTUNITIES FUND
IX, L.P.; OAKTREE OPPORTUNITIES FUND IX
(PARALLEL 2), L.P.; OAKTREE VALUE
OPPORTUNITIES FUND, L.P.; PUERTO RICO AAA

Adv. Proc. No. 19-00367 (LTS)

² The Official Committee of Unsecured Creditors serves as section 926 trustee and co-plaintiff in the prosecution of this adversary proceeding pursuant to Docket No. 6990, which is incorporated herein by reference.

PORTFOLIO BOND FUND, INC.; PUERTO RICO)
 AAA PORTFOLIO BOND FUND II, INC.; PUERTO)
 RICO AAA PORTFOLIO TARGET MATURITY)
 FUND, INC.; PUERTO RICO FIXED INCOME)
 FUND, INC.; PUERTO RICO FIXED INCOME)
 FUND II, INC.; PUERTO RICO FIXED INCOME)
 FUND III, INC.; PUERTO RICO FIXED INCOME)
 FUND IV, INC.; PUERTO RICO FIXED INCOME)
 FUND V, INC.; PUERTO RICO GNMA & U.S.)
 GOVERNMENT TARGET MATURITY FUND,)
 INC.; PUERTO RICO INVESTORS BOND FUND I;)
 PUERTO RICO INVESTORS TAX-FREE FUND,)
 INC.; PUERTO RICO INVESTORS TAX-FREE)
 FUND II, INC.; PUERTO RICO INVESTORS TAX-)
 FREE FUND III, INC.; PUERTO RICO INVESTORS)
 TAX-FREE FUND IV, INC.; PUERTO RICO)
 INVESTORS TAX-FREE FUND V, INC.; PUERTO)
 RICO INVESTORS TAX-FREE FUND VI, INC.;)
 PUERTO RICO MORTGAGE-BACKED & U.S.)
 GOVERNMENT SECURITIES FUND, INC.; TAX-)
 FREE PUERTO RICO FUND, INC.; TAX-FREE)
 PUERTO RICO FUND II, INC.; TAX-FREE PUERTO)
 RICO TARGET MATURITY FUND, INC.; UBS IRA)
 SELECT GROWTH & INCOME PUERTO RICO)
 FUND,)
)
)
 Defendants.)
)
)

**URGENT MOTION OF THE PUERTO RICO FUNDS FOR LEAVE TO FILE SUR-
 REPLY IN RESPONSE TO URGENT MOTION OF THE COMMITTEES AND
 GOVERNMENT PARTIES CONCERNING PENDING MOTIONS IN CERTAIN
 CONTESTED MATTERS AND ADVERSARY PROCEEDINGS RELATED TO THE
 BONDS ISSUED BY THE EMPLOYEES RETIREMENT SYSTEM OF THE
GOVERNMENT OF THE COMMONWEALTH OF PUERTO RICO**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Funds³ respectfully submit this urgent motion, pursuant to Section III.L
 of the *Thirteenth Amended Notice, Case Management and Administrative Procedures*, ECF No.

³ Puerto Rico AAA Portfolio Bond Fund, Inc., Puerto Rico AAA Portfolio Bond Fund II, Inc., Puerto Rico AAA
 Portfolio Target Maturity Fund, Inc., Puerto Rico Fixed Income Fund, Inc., Puerto Rico Fixed Income Fund II, Inc.,
 Puerto Rico Fixed Income Fund III, Inc., Puerto Rico Fixed Income Fund IV, Inc., Puerto Rico Fixed Income Fund
 V, Inc., Puerto Rico Fixed Income Fund VI, Inc., Puerto Rico GNMA & U.S. Government Target Maturity Fund, Inc.,

13512-1 in Case No. 17-bk-03283 (the “Case Management Procedures”) for leave to file a sur-reply to the *Urgent Motion Of The Committees And Government Parties Concerning Pending Motions In Certain Contested Matters And Adversary Proceedings Related To The Bonds Issued By The Employees Retirement System Of The Government Of The Commonwealth Of Puerto Rico*, ECF No. 1052 in Case No. 17-bk-03566 (the “Scheduling Motion”), in response to the *Reply in Support of Urgent Motion Of The Committees And Government Parties Concerning Pending Motions In Certain Contested Matters And Adversary Proceedings Related To The Bonds Issued By The Employees Retirement System Of The Government Of The Commonwealth Of Puerto Rico*, ECF No. 1055 in Case No. 17-bk-03566 (the “Reply”). In support of their motion for leave, the Puerto Rico Funds the state as follows:

PRELIMINARY STATEMENT

1. The Puerto Rico Funds seek leave to file a brief sur-reply, attached hereto as **Exhibit B**, to correct a mischaracterization raised in paragraph 3 of the Reply, which suggests incorrectly that recent mediation sessions regarding ERS issues have occurred, even though no such sessions have transpired in over a year. Because the assertion regarding the status of mediation sessions regarding ERS issues was made for the first time in the Reply, the Puerto Rico Funds have not had the opportunity to respond. The Puerto Rico Funds therefore respectfully request that the Court grant this motion and give them leave to file the Sur-Reply.

Puerto Rico Investors Bond Fund I, Puerto Rico Investors Tax-Free Fund, Inc., Puerto Rico Investors Tax-Free Fund II, Inc., Puerto Rico Investors Tax-Free Fund III, Inc., Puerto Rico Investors Tax-Free Fund IV, Inc., Puerto Rico Investors Tax-Free Fund V, Inc., Puerto Rico Investors Tax-Free Fund VI, Inc., Puerto Rico Mortgage-Backed & U.S. Government Securities Fund, Inc., Tax-Free Puerto Rico Fund, Inc., Tax-Free Puerto Rico Fund II, Inc., Tax-Free Puerto Rico Target Maturity Fund, Inc., and UBS IRA Select Growth & Income Puerto Rico Fund.

BACKGROUND

2. On January 15, 2021, the Committees⁴, the Oversight Board, and the SCC filed the Scheduling Motion, requesting that the Court set oral argument in March 2021 on certain pending motions including the Ultra Vires Motions, the Lien Scope Motions, and the Rule 12 Motions.

3. On January 18, 2021, the ERS bondholders represented by Jones Day and the Fiscal Agent filed their *Opposition to Urgent Motion Of The Committees And Government Parties Concerning Pending Motions In Certain Contested Matters And Adversary Proceedings Related To The Bonds Issued By The Employees Retirement System Of The Government Of The Commonwealth Of Puerto Rico*, ECF No. 1053 in Case No. 17-bk-03566. Later that day, the Puerto Rico Funds filed *The Puerto Rico Funds' Opposition to the Urgent Motion of the Committees And Government Parties Concerning Pending Motions In Certain Contested Matters And Adversary Proceedings Related To The Bonds Issued By The Employees Retirement System Of The Government Of The Commonwealth Of Puerto Rico*, ECF No. 1054 in Case No. 17-bk-3566. Both oppositions argued that the Court should refrain from setting oral argument on the pending motions until parties have explored the possibility of a consensual resolution to the ongoing adversary proceedings and motions.

4. On January 19, 2021, the Movants⁵ filed the Reply, arguing, among other things, that “The Court-appointed Mediation Team (and not the Oversight Board) has scheduled mediation sessions in an effort to maximize the possibility of building a foundation of support for a plan of adjustment and develop as broad of a consensus prior to February 10, 2021. The Oversight

⁴ Capitalized terms used herein not otherwise defined shall have the meanings ascribed to them in the Scheduling Motion.

⁵ The Creditors’ Committee did not join paragraph 3 of the Reply “as it addresses arguments and issues specific to the Oversight Board.” Reply ¶ 3 n.5.

Board has participated in every mediation session that has been scheduled. A broad spectrum of bondholders participate in these sessions, including the largest holder of ERS Bonds.” Reply ¶ 3. The Puerto Rico Funds now seek leave to file the Sur-Reply to address these misleading statements.

ARGUMENT

5. Under Section III.L of the Case Management Procedures, sur-replies must be authorized by the Court. The Court can and should permit the Puerto Rico Funds to file a sur-reply to correct the Reply’s incorrect statements regarding the status of mediation sessions on ERS issues. The Puerto Rico Funds have not and will not otherwise have the opportunity to contest the Reply’s mischaracterization of its proposal, as the Reply was the first time the Movants mischaracterized the status of mediation. *See Animal Welfare Institute v. Martin*, 588 F. Supp. 2d 70, 81 (D. Me. 2008); *United States ex rel. Pogue v. Diabetes Teratment Ctrs. Of Am., Inc.*, 238 F. Supp. 2d 270, 276-77 (D.D.C. 2002) (“The standard for granting leave to file a surreply is whether the party making the motion would be unable to contest matters presented to the court for the first time in the opposing party’s reply. The matter must be truly new.”).

6. On the same basis, the Puerto Rico Funds should be permitted to file a sur-reply in order to respond to Movants’ misleading statements and to note that while the Puerto Rico Funds are ready, willing and able to mediate the ERS disputes at the earliest possible time as scheduled by the Mediation Team, no such session has occurred in over a year.

CONCLUSION

7. For the foregoing reasons, the Puerto Rico Funds respectfully request that the Court enter the proposed order attached as **Exhibit A**, granting the relief requested herein.

CERTIFICATION

8. Pursuant to Section I.H of the Case Management Procedures, counsel for the Puerto Rico Funds certify that they have engaged in reasonable, good-faith communications with counsel for the Committees, the Oversight Board, and the SCC. Moreover, in accordance with Local Bankruptcy Rule 9013-1(a)(2), undersigned counsel certifies that they carefully examined the matter and concluded that there is a true need for expedited consideration of the Urgent Motion, and the Puerto Rico Funds have not created the urgency through lack of due diligence on their part. The undersigned further certifies that the Puerto Rico Funds made a *bona fide* and good faith effort to resolve the matter without a hearing. The Committees, the Oversight Board, and the SCC do not oppose the Puerto Rico Funds' requested relief in the Urgent Motion.

In San Juan, Puerto Rico, today Monday, January 20, 2021.

/s/ Alicia I. Lavergne-Ramírez

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CERTIFICATE OF SERVICE

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

/s/ John K. Cunningham
John K. Cunningham